

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET REQUEST
OTHER DEFENSE ACTIVITIES
(Tabular dollars in thousands, Narrative in whole dollars)

OFFICE OF WORKER AND COMMUNITY TRANSITION

PROGRAM MISSION

The Office of Worker and Community Transition was formed in September 1994 to mitigate the impacts on workers and communities caused by changing Department of Energy (DOE) missions, consistent with Section 3161 of the Defense Authorization Act of 1993. The Department will continue to experience significant restructuring of its contractor work force in Fiscal Year 1999 and beyond. These changes will be driven by constant dollar budget reductions, changes in the management of the strategic stockpile, and shifts in skill mix requirements. Changes in contracting mechanisms will also involve significant employment changes beyond net reductions in total DOE contractor employment.

Consistent with the Department's initiatives to promote best business practices, guidance for work force restructuring at DOE sites reflects lessons learned in the private sector, including the use of comprehensive work force planning. Private companies increasingly undertake work force restructuring strategies similar to those adopted by the Department. For example, a March 1995 report by the General Accounting Office surveying 25 major companies, including firms with considerable federal contracting such as General Electric, Grumman and Honeywell, experiencing work force restructuring, found that "at least 18 (72%) provided various incentives to encourage employees to voluntarily leave." These included early retirement, lump sum incentive payments, tuition, medical and outplacement assistance similar to those provided at DOE sites. A survey conducted by Actuarial Sciences Associates, Inc., of mid-1990s downsizing practices of 60 major companies "confirm that it is common for employers that wish to downsize first to offer either an exit incentive retirement or resignation program (or sometimes both sequentially), and only then to utilize layoffs to the extent downsizing is still needed. This, indeed, is *the* classic exit incentive strategy and it is probably motivated more by the desire to be humane and to preserve employee morale..". Further, worker insecurity about their treatment in the event of additional work force changes often severely decreases productivity among remaining workers.

The Department, however, is motivated by more than the desire to emulate the best business practices of the private sector. Regardless of the employer — whether it is public or private — major decreases in regional work force have negative economic and social effects. The economic effects include both the obvious lost individual income and tax revenue as well as the secondary impacts, as disposable income decreases within the community, of corresponding decreases in businesses that supported the affected workers. Social effects have been observed for individual workers — including those who remain as well as those who leave — and the community in which they live. Increases in social problems, e.g., substance abuse, spousal abuse and suicide, have been shown to increase in communities where large numbers of job layoffs are occurring.

PROGRAM MISSION - OFFICE OF WORKER AND COMMUNITY TRANSITION (Cont'd)

While private companies may use work force change strategies similar to those of the Department, those measures may only partially mitigate the impacts mentioned above, especially if replacement jobs are not available. Private companies are free to leave to the community and other Federal, state, and local units of government the responsibility of bearing the remaining economic and social costs if replacement jobs are not available, although the employer must endure the loss of productivity caused by workers' uncertainty about the future. The Federal government, as both employer, provider of many social services, and recipient of tax revenue, has a comprehensive interest in decreasing the cumulative economic and social impacts caused by significant changes in its funded work force. Community transition assistance helps attract or retain job opportunities which can: (1) decrease the loss of individual income, tax revenue, and secondary job losses; (2) decrease the social problems and the corresponding cost of social services (borne by other Federal agencies and state and local units of government) caused by DOE work force restructuring, and; (3) help to develop alternative employment which would contribute to maintaining productivity in remaining workers by providing confidence that other employment opportunities will be available in the event of further downsizing.

The Office of Worker and Community Transition coordinates policy direction and implementation for field operations involving work force planning, restructuring, labor standards and relations, community transition activities, and asset management across the Department. This program also provides for the personal and contractual services for all federal management, and administrative personnel to carry out the Worker and Community Transition mission including related costs such as space, materials, utility, supplies, communication and building maintenance at DOE Headquarters.

The Worker and Community Transition budget provides funding for activities associated with enhanced benefits beyond those required by contract, existing company policy or collective bargaining agreements at defense nuclear facilities, and is part of the overall Department's Other Defense Activities budget request. In addition, Congress has identified this appropriation as the only authorized source of funding for local impact assistance to communities affected by work force reductions at defense nuclear facilities.

During Fiscal Year 1997, the functions of the Office of Asset Management were added to those of the Office of Worker and Community Transition. This was done because asset management implementation actions are focusing on pilot project proposals, such as recovery of precious metals from weapons components and electronic scrap recycling and use, which are designed to provide a financial return to the Federal government through the disposition of the assets as well as stimulating regional and local economic development. Because asset disposition and stimulating economic development can conflict or complement each other, dependent upon the coordination between the two programs and the individual circumstances of each case, the combination of the two programs is expected to reduce the conflicts and increase the benefits of asset disposition.

Through its programs, the Office of Worker and Community Transition is aligning human resources with departmental priorities and requirements as well as making the DOE national security infrastructure cost-effective.

The GOALS of the Worker and Community Transition program are to:

- Mitigate the impacts on workers and communities from contractor work force restructuring at defense sites, and assist community planning for all site conversions, while humanely and cost-effectively managing the transition to the reduced work force that will better meet ongoing mission requirements through the application of best business practices.
- Support the President's seven year effort to reduce the deficit by generating \$75 million from the Department of Energy through asset sales over five years and promote the reduction in DOE's physical asset base.

The OBJECTIVES related to these goals are:

1. To FACILITATE WORK FORCE PLANNING BY DEPARTMENT CONTRACTORS - develop a process and tools for projecting contractor work force requirements at each site on the basis of mission, budget estimates, and work force skills, to assure that priority missions can be accomplished safely and efficiently.
2. To RESTRUCTURE THE DEPARTMENT OF ENERGY CONTRACTOR WORK FORCE - establish work force restructuring policy, coordinate and implement work force restructuring, and evaluate the outcomes of work force restructuring plans consistent with section 3161 of the National Defense Authorization Act for Fiscal Year 1993, the contract reform initiative, and other Departmental policies.
3. To PROVIDE FAIR TREATMENT TO WORKERS WHO MUST BE DISPLACED THROUGHOUT THE DEPARTMENT - within budget constraints, provide benefits to affected workers, such as: incentives or other options to minimize involuntary layoffs; adequate advanced notification; retraining for other employment and rehiring preference to displaced workers where practicable; relocation assistance and outplacement assistance; and local community impact assistance, consistent with best business practices.
4. To MANAGE CONTRACTOR LABOR RELATIONS - establish policy for contractor labor relations, oversee the collective bargaining process, and assist field organizations in labor/management relations.
5. To ASSIST COMMUNITY TRANSITION - develop policies for community transition, and assist communities affected by Departmental changes by facilitating their economic development planning and plan implementation activities to produce alternative replacement employment sources in affected communities.

6. To IDENTIFY AND DISPOSE OF ASSETS THAT ARE EXCESS TO CURRENT DEPARTMENT NEEDS - develop asset inventory procedures, develop and implement pilot projects designed to accelerate asset dispositions, establish a DOE-wide asset management recovery and disposition program, determine methods for asset disposition, and recommend cost avoidance projects associated with the DOE asset inventory .

PERFORMANCE MEASURES:

1. Through effective work force planning, the number of jobs vacated through incentivized and non-retirement separations that have to be filled by employees from outside the DOE complex will be 2 percent or less.
2. Limit the ratio of involuntary separations to voluntary separations to less than 30-60 percent.
3. At least 60 percent of separated workers seeking new jobs are reemployed within two years of separation.
4. Reduce the size of the contractor work force by up to 5,000 workers in FY 1999 at an average cost per separated worker of less than \$25,000.
5. Achieve annual cost savings from compensation for separated workers that is at least three times the one-time cost of separation.
6. Through community assistance, create 2,500 jobs in FY 1999. Maintain the average cost per job at approximately \$10,000.
7. Achieve \$15 million in asset sales in each of the Fiscal Years 1998 and 1999.
8. Twenty-five collective bargaining agreements are renegotiated or renewed with no unresolved labor-management disputes.

SIGNIFICANT ACCOMPLISHMENTS AND PROGRAM SHIFTS

- The program successfully managed the reduction of about 43,000 contractor personnel in five years (Fiscal Year 1993 - 1997).
- Nearly two thirds of separations to-date have been voluntary, with an average (including workers separated through attrition) separation cost of approximately \$17,000 per position. When attrition is excluded, average separation costs have been approximately \$23,000.
- Based on the average cost per contractor worker, total annual recurring savings to-date for the 43,000 prime contractor positions eliminated is in excess of \$2.8 billion for salaries and benefits.
- Utilized the Community College Network Program (C2Net) to tailor new retraining programs for displaced workers at sites, such as, Portsmouth, Ohio, Grand Junction, Colorado, and Amarillo, Texas.
- Used oversight and intervention to forestall or resolve serious conflicts in labor and management relations at Pantex, Argonne, Mound, Los Alamos, and Fernald.
- Provided local impact assistance to affected communities that has led to creation or maintained over 10,000 private sector jobs with an anticipated additional 15,000 to 20,000 jobs by the end of the year 2001. One job has been created or retained to date for each \$10,500 provided to affected communities by the program. This figure compares favorably with the experience of other Federal agencies in similar efforts.
- Achieved \$ 30.8 million in revenues returned to the Treasury through asset sales during FY 1996 and FY 1997. Completed an inventory of assets which can be quickly divested and completed an identification of obstacles to divestiture.

DEPARTMENT OF ENERGY
 WORKER AND COMMUNITY TRANSITION AND PROGRAM DIRECTION
 PROGRAM FUNDING PROFILE
 (Dollars in thousands)

Sub-program	FY 1997 Current <u>Appropriation</u>	FY 1998 Original <u>Appropriation</u>	<u>Adjustments</u>	FY 1998 Current <u>Appropriation</u>	FY 1999 Budget <u>Request</u>
Worker and Community Transition	\$57,659	\$57,659	\$ 0	\$ 57,659	\$41,000
Program Direction	<u>4,841 a/</u>	<u>3,500</u>	<u>0</u>	<u>3,500</u>	<u>4,000</u>
Subtotal, W&CT	\$ 62,500	\$ 61,159	0	\$ 61,159	\$ 45,000
Adjustments	0	- 11 <u>b/</u>	0	-11 <u>b/</u>	0
Total, W&CT	<u>\$62,500 a/</u>	<u>\$61,148</u>	<u>\$ 0</u>	<u>\$ 61,148</u>	<u>\$45,000</u>

a/ Includes a reprogramming of \$ 500,000 from the Defense Environmental Restoration and Waste Management appropriation to support the Asset Sales and Management function.

b/ Office of Worker and Community Transition portion of Other Defense Activities reductions from use of prior year balances.

Public Law Authorization:

Public Law 102-484, "National Defense Authorization Act for Fiscal Year 1993," Section 3161

DEPARTMENT OF ENERGY
 WORKER AND COMMUNITY TRANSITION AND PROGRAM DIRECTION
 PROGRAM FUNDING BY SITE
 (Dollars in thousands)

	FY 1997 Current <u>Appropriation</u>	FY 1998 Original <u>Appropriation</u>	FY 1998. <u>Adjustments</u>	FY 1998 Current <u>Appropriation</u>	FY 1999 Budget <u>Request</u>
<u>Field Offices/Sites</u>					
Albuquerque: Kansas City	\$ 0	\$ 14,000	\$ 0	\$ 14,000	\$ 0
Los Alamos National Laboratory	0	4,000	0	4,000	2,000
Pantex	6,700	1,500	0	1,500	200
Pinellas	2,000	0	0	0	0
Sandia National Laboratory	8,300	1,800	0	1,800	0
Headquarters	5,629 ^{a/}	9,359 ^{b/}	0	9,359 ^{b/}	20,800 ^{c/}
Idaho Operations Office	6,000	6,000	0	6,000	6,000
Nevada Operations Office	6,006	3,000	0	3,000	2,000
Oakland Operations Office					
Lawrence Livermore National Lab.	3,000	0	0	0	0
Ohio Field Office: Fernald Area Office	150	1,000	0	1,000	1,000
Mound Area Office	0	1,000	0	1,000	5,000
Oak Ridge Operations Office	7,600	8,000	0	8,000	2,000
Portsmouth Site Office	2,275	0	0	0	1,000
Paducah Site Office	0	0	0	0	1,000
Richland Operations Office	5,540	1,000	0	1,000	1,000
Rocky Flats Field Office	2,400	1,800	0	1,800	0
Savannah River Operations Office	<u>6,900</u>	<u>8,700</u>	<u>0</u>	<u>8,700</u>	<u>3,000</u>
 TOTAL	 \$ 62,500	 \$ 61,159	 \$ 0	 \$ 61,159	 \$ 45,000

a/ Includes program direction costs of \$4,841,000 and funds not allocated as of September 30, 1997.

b/ Includes \$3,500,000 Program Direction costs and \$5,859,000 not designated at this time.

c/ Includes \$4,000,000 Program Direction costs and \$16,800,000 not designated at this time.

DEPARTMENT OF ENERGY
WORKER AND COMMUNITY TRANSITION
(Tabular dollars in thousands; narrative in whole dollars)

I. Mission Supporting Goals and Objectives

The activities of the worker transition program establish policy for, coordinate implementation of, and evaluate the outcomes of work force restructuring consistent with section 3161 of the National Defense Authorization Act for Fiscal Year 1993, the contract reform initiative, best business practices and other Departmental policies. This involves providing guidance to DOE field management for developing work force restructuring plans; assuring adequate advance notification for planned reductions; reviewing and approving voluntary incentive programs to encourage workers with redundant skills to separate; reviewing draft work force restructuring plans prior to circulation for stakeholder review and comment; approving necessary involuntary separations; and submitting final work force restructuring plans to the Congress. Based on Secretarial direction, work force restructuring objectives are considered for reductions that exceed a threshold of 100 workers at any site, including those not specifically covered by section 3161, in a single year. This activity assures that necessary work force reductions are conducted in a manner that encourages voluntary separations, assists displaced workers in securing new employment, provides basic benefits for a reasonable transition period, and is consistent with cost guidance and best business practices. The activity makes critical priority decisions to match these objectives with fiscal constraints.

Work force planning assures that contractor work force restructuring is conducted in a manner that assures that critical skills for ongoing mission requirements are retained, enhances efficiency, and accurately forecasts mission performance implications of potential future budget reductions. This goal is being achieved through the development of an integrated work force planning process based on a uniform work force data base and classification system for Department contractor employment. It supports the Departmental objective of realigning efforts to areas of maximum efficiency without jeopardizing critical task assignments.

Management of contractor labor relations establishes policy for such activities, oversees the collective bargaining process, and assists field organizations in labor/management relations. These activities promote an improved working relationship between labor and management in the Department's contractor work force. The result is uniform application of relevant labor standards, increased productivity, enhanced safety and security, and a reduction in disruptive labor disputes. The function also helps to implement the contract reform initiative, outsourcing policy and other elements of strategic alignment.

Section 3161 of the FY 1993 Defense Authorization Act establishes an objective for the Department to "provide local impact assistance to communities that are affected by the restructuring plan" and to coordinate such assistance with other federal programs. This activity also provides an informational clearinghouse to assist local community economic development planning; identifies potential sources of both public and private funding outside the Department; and, on a high priority basis, funds projects that have a high probability of producing positive results for displaced workers and their affected communities. The Office has established criteria for evaluating community transition funding proposals and has signed an

Mission Supporting Goals and Objectives - WORKER AND COMMUNITY TRANSITION (Cont'd)

interagency agreement with the Department of Commerce to utilize its independent expertise to evaluate and approve proposals. The Department, in close cooperation with parties in the affected communities, also seeks to utilize excess Departmental assets to help create economic activity and produce replacement employment for workers displaced by work force restructuring plans.

The asset management program develops a corporate strategy on the disposition of materials and assets in response to new missions for the Department along with a declining budget and resultant reductions both in the number of persons employed by the Department of Energy and the size of the physical plant. Elements of the strategy include the development of guidance and managing the implementation of the asset management program, assisting program managers in reducing the real and personal property holdings of the Department and in responding to new Departmental missions. The program is also developing procedures for asset sales and transfers, leasing and donation procedures, and material and asset management programs in field and program offices. Asset management program implementation actions now are focusing on pilot project proposals, such as recovery of precious metals from weapons components, electronic scrap recycling and reuse, sale of heavy water, facilities reuse, and the disposition of unneeded assets, which are designed to provide a financial return to the Federal government while reducing the overhead expenses of the Department through the disposition of the assets as well as stimulating regional and local economic development. The funding for the asset management program is included in program direction. The budget justification for the Asset Management pilot projects is included with the Defense Environmental Restoration and Waste Management section of the Department's submission.

II. Funding Schedule:

<u>Program Activity</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>\$ Change</u>	<u>% Change</u>
Worker and Community Transition					
Work Force Restructuring	\$ 25,000	\$ 29,359	\$ 20,500	\$- 8,859	- 30.2 %
Community Transition Assistance	<u>32,659</u>	<u>28,300</u>	<u>20,500</u>	<u>- 7,800</u>	<u>- 27.6 %</u>
 Total, Worker and Community Transition	 \$ 57,659	 \$ 57,659	 \$ 41,000	 \$- 16,659	 - 28.9 %

WORKER AND COMMUNITY TRANSITION

III. Performance Summary - Accomplishments

FY 97

FY 98

FY 99

Work force Restructuring

- Approved work force restructuring actions resulting in the reduction of about 6,500 prime contractor positions during FY 1997. Prime contractor separations are estimated to include approximately 325 early retirements, 1,700 voluntary separations, 2,950 involuntary separations, and 1,500 attrition. Coordinated funding support for final work force restructuring plans at thirteen sites with restructuring actions totaling approximately \$26 million. Of the workers involved in these separations, about 1,200 received funding through the Worker and Community Transition program, which resulted in an average (including employees separated through normal attrition) separation funding of about \$ 21,700 per separated employee (additional costs were borne by affected program budgets). Assisted field offices in maintaining early and open communication between labor unions and management and in the conduct of negotiations.

\$ 25,000
- Review and approve work force restructuring plans and actions that could result in up to 5,000 employment changes in both FY 1998 and FY 1999, based on currently projected Departmental budget targets. Coordinate work force planning activities to retain critically needed skills to meet ongoing missions in the face of an additional reduction of 10 - 15% of the contractor work force (on top of the 29% reduction that has occurred between FY 1994-97), and to review and fund requests for enhanced separation benefits from field offices. Continue to assist field offices in maintaining early and open communication between labor unions and management and in the conduct of negotiations.

\$29,359 \$20,500

WORKER AND COMMUNITY TRANSITION

<u>III. Performance Summary (cont'd)</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>
<u>Community Transition Assistance</u>			
● Approved community transition projects which have created or retained approximately 10,000 jobs to date.	\$26,659		
● Additional funding is expected to create about 1,700 jobs in FY 1998, and 1,400 in FY 1999. (See also jobs created in the State of Idaho, discussed below)		\$22,300	\$ 9,500
● Under the terms of a legal settlement with the State of Idaho, the Department provided \$6 million to the State during FY 1997 for community transition.	\$ 6,000		
● The Department is committed to provide a total of \$30 million over the calendar years 1996 - 2000, contingent upon appropriations, to the State of Idaho under the terms of a legal settlement. This funding is expected to create about 600 jobs per year.		\$ 6,000	\$ 6,000
● At the Mound Facility, the Department has committed to providing \$15 million over three years, contingent upon appropriations, to accelerate the reuse of the site following its sale. This funding is expected to create a total of about 1,500 jobs, with about 500 jobs to result from the FY 1999 funding.		\$ 0	\$ 5,000
Total, Worker and Community Transition	\$57,659	\$57,659	\$41,000

WORKER AND COMMUNITY TRANSITION

Explanation of Funding Changes from FY 1998 to FY 1999

Work Force Restructuring: The number of workers involved in additional downsizing is expected to be less than in FY 1998. - \$ 8,859
Further, the change in funding direction (contained in Section 304 of the FY 1998 Energy and Water Development Appropriations Act) that will focus on funding enhanced benefits from implementing Section 3161 rather than fully funding Defense Programs separation costs, is expected to result in lower expenditures from this account.

Community Transition Assistance: Because the numbers of workers involved in downsizing is less than in FY 1998, it is estimated - \$ 7,800
that there will be a reduction in need for community transition assistance in FY 1999.

Total Funding Change, Worker and Community Transition - \$ 16,659

Issues and Items of Interest

Work Force Restructuring

Timing of final site budget allocations, and final decisions on proposed changes in contracting mechanisms introduces a considerable degree of uncertainty into long-term forecasts of work force restructuring requirements. In addition, it is often necessary for sites to take steps to reconcile the incumbent work force with available funding for the succeeding fiscal year in order to achieve full savings associated with work force changes in that fiscal year. This necessitates funding severance and other separation costs in the prior budget year. Because this information is typically not available until the end of the appropriation process, it can not be precisely anticipated in formulating work force restructuring cost estimates. The Office of Worker and Community Transition works to develop the best information available in formulating its budget request based upon projected program budgets. In order to have flexibility to address the factors noted above, the allocation between work force restructuring and community transition assistance may be adjusted from the estimates included in the request, in order to assure that worker costs are met to the maximum extent practicable within the overall funding availability.

Jobs Created by Community Transition

The number of jobs reported as a result of Community Transition assistance in any fiscal year is not proportionate to the funding level. This disproportional job creation reflects both the long-term nature of community transition efforts and the cumulative impacts from the current fiscal year plus previous fiscal years. After funding is allocated to the communities, they are usually prompt in committing this funding to projects. However, depending upon the nature of the specific project, the jobs that are produced may occur over a several year time period. The immediate job production

numbers are sometimes low but, as businesses continue to develop more fully, additional job opportunities frequently result. Therefore, the predicted number of jobs to be produced in FY 1999 is higher than the number of jobs predicted to be produced in FY 1998, despite a reduction in the amount of funding allocated to community transition. The predicted increase in the number of jobs would be a result of the continued job production from projects that received funding in earlier fiscal years as well as the initial jobs created by the FY 1999 appropriations.

Unobligated and Uncosted Balances

Even though funds are usually obligated quickly, several factors account for delay in actual expenditure. For uncosted amounts in work force restructuring, some categories are spent over several years. For example, retirement benefits can take 10 years to expend, training can take five years, and medical benefits can take two years.

In community transition, several factors enter into a delay in expending allocated funds. When the affected communities apply for funding, they are not guaranteed that any funding will be allocated. During the grant selection, proposals are often funded at less than the full requested amount. Therefore, the communities wait to complete their planning until the Department makes a funding decision. Even after the planning is complete, many of the projects require solicitation of bids and a formal process to select the group or company who will complete the project element, thereby using additional time. After the project element is begun, the completion of the project requires additional time. It is only after project elements are completed that obligated funds for those elements are costed. For long-term projects, an element's completion could extend over several fiscal years.

Idaho Interagency Agreement and Mound Facility Sale

A separate item that requires a substantial portion of the available community transition funding is a legal settlement with the State of Idaho. Through that settlement, the Department has agreed to provide the State of Idaho a total of \$30 million over five calendar years, contingent upon appropriations, for community transition through the Worker and Community Transition Program.

At the Mound Facility, the Department has committed to providing \$15 million over three years, contingent upon appropriations, to accelerate the reuse of the site following its sale. The Department considered this sale a priority action because it will free the Department from further landlord costs and produce considerable long-term savings.

These two projects combined will exhaust more than half of the FY 1999 planned allocation for community transition as well as considerable portions of the planned funding in FY 2000 and FY 2001.

Asset Management Pilot Projects

In the FY 1998 Energy and Water Development Appropriation Conference Report, \$3.5 million was provided to initiate the electronics recovery and recycling pilot in the Worker and Community Transition portion of the Other Defense Activities appropriation. A separate budget justification for the pilot projects is included in the Defense Environmental Restoration and Waste Management section of the Department's submission.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET REQUEST
OTHER DEFENSE ACTIVITIES
(Tabular dollars in thousands, Narrative in whole dollars)

WORKER AND COMMUNITY TRANSITION PROGRAM DIRECTION

I. Mission Supporting Goals/Ongoing Responsibilities:

Program direction provides funding for administrative support to ensure that all operations are conducted in the most effective and efficient manner. This element also provides for the personal and contractual services of all Federal management and administrative personnel to carry out the missions of the Office of Worker and Community Transition at Department of Energy Headquarters and Field Offices.

Program direction has been grouped into four categories:

Salaries and Benefits provides for all the salaries, other benefits, e.g., employer contribution to retirement and employer contribution to health benefits, and awards for superior service. The employees funded by this category perform strategic planning for the program, integrate internal and external policies and directives; represent the Office both within and outside the Department; provide technical direction and guidance for programs and projects; perform program assessment; and exercise internal controls.

Travel is provided for the traveling and per diem expenses of program staff in their performance of their official duties. Under certain circumstances, travel expenses of non-government personnel or government personnel from other programs may be compensated if they are serving a mission of the Office. Specifically, staff travel to affected communities to provide technical and program assistance to field offices, contractor employees, and community representatives and conduct program assessments. They also participate in meetings, conferences, and training selected to increase their professional expertise and program effectiveness.

Support Services for the Office of Worker and Community Transition consists of the payment for management support services of non-government personnel. These personnel assist the staff of the Office of Worker and Community Transition in accomplishing their missions by providing technical support, performing or assisting in program analyses, and assisting in the subsequent preparation of reports. The support services personnel also provide general program management functional support.

Other Related Expenses includes the necessary materials, services, utilities, and office space needed to conduct the program in an efficient manner. The major portion of this category consists of the items included in the working capital fund. This working capital fund includes such items as, office space; telephones; printing and duplicating services; and computer network connections and technical support. The other portion of other expenses includes procurement of supplies for the conduct of office functions.

WORKER AND COMMUNITY TRANSITION PROGRAM DIRECTION

II. Funding Table:

	FY 1997 Current <u>Appropriation</u>	FY 1998 Original <u>Appropriation</u>	<u>Adjustments</u>	FY 1998 Current <u>Appropriations</u>	FY 1999 Budget <u>Request</u>
<u>Headquarters</u>					
Salary and Benefits	\$ 2,090	\$ 2,128	0	\$ 2,128	\$ 2,085
Travel	85	75	0	75	85
Support Services	2,287	776	0	776	1,298
Other Related Expenses	<u>379</u>	<u>521</u>	<u>0</u>	<u>521</u>	<u>532</u>
Total	\$ 4,841	\$ 3,500	0	\$3,500	\$ 4,000
Full Time Equivalents	27	25	0	25	24

Headquarters is the only office funded under Program Direction for the Worker and Community Transition Program. Therefore, the Headquarters table is also the program table.

WORKER AND COMMUNITY TRANSITION PROGRAM DIRECTION

III. Performance Summary

FY 1997 FY 1998 FY 1999

Salaries and Benefits

Staff oversaw actions to achieve approximately up to an additional 6,500 prime contractor reductions in FY 1997 and will oversee 5,000 employment changes in both FY 1998 and FY 1999. They will work to streamline the approval of work force restructuring plans and develop and implement policies to integrate contract reform mechanisms. They will provide oversight of upcoming labor negotiations at four sites. They will continue efforts to mitigate impacts on communities affected by work force reductions. Staff will develop a corporate asset and privatization program during each of FY 1998 and 1999.

\$ 2,090 \$ 2,128 \$2,085

The Asset Management Program worked with field and headquarters personnel to develop an inventory of unneeded assets available for sale. In addition, estimates were developed by field personnel as to the expected revenues to be realized from the sale of those unneeded assets. The Asset Management Program staff worked with field and headquarters staff to develop a pilot project program designed to dispose of more difficult assets no longer needed by the Department by incorporating business concepts in which the pilots are designed to pay for themselves as the unneeded assets are disposed, while simultaneously reducing cost overhead requirements for the programs themselves.

During FY 1997 and 1998, staff will complete the inventory of Departmental materials and assets destined for sales or transfers, and realize \$15 million in asset sales during each of FY 1998 and 1999.

Travel:

\$ 85 \$ 75 \$ 85

Travel will enable staff to provide technical assistance to field offices on work force planning and community transition. Staff will also be able to assist field offices in labor negotiations, conducting program assessments, and providing technical assistance in asset management.

Support Services:	\$ 2,287	\$ 776	\$ 1,298
<p>A major element of technical support during FY 1998 and FY 1999 will consist of assisting the Office of Worker and Community Transition in implementing the new Work Force Information System (WFIS). This system will allow the department and its site management contractors to assess the skills of the present work force in comparison to projected needs and match the skills of workers identified for separation with the needs of vacancies. Overall, this system should lead to better personnel management, reduce separation costs, and contribute to retaining important skills.</p> <p>The management support includes performing general management functions and conducting analyses and assessments and assisting in the preparation of the subsequent reports.</p>			
Other Related Expenses:	\$ <u>379</u>	\$ <u>521</u>	\$ <u>532</u>
<p>The amount in this category consists mainly of the working capital fund. Space rental, telephones, copiers and printing, computer support, general office supplies, and mailing costs are included in this fund. Other expenses are for items not encompassed by the working capital fund, e.g., computer software and professional journals.</p>			
Total, Worker and Community Transition Program Direction	\$ 4,841	\$ 3,500	\$ 4,000

WORKER AND COMMUNITY TRANSITION PROGRAM DIRECTION

IV. Explanation of Funding Changes from FY 1998 to FY 1999:

A decrease of \$43,000 in Salary and Benefits is due to the reduction in program activity partially offset by a projected pay increase.	-\$ 43
An increase of \$10,000 in Travel Funding will allow the office to conduct additional program assessments.	+\$ 10
An increase of \$522,000 in support services is due to the implementation of Work Force Information System and some additional analyses.	+\$522
An increase of \$11,000 in the other related expenses is due to the effect of inflation on the working capital fund costs.	+\$ 11
 Total, Program Direction	 +\$500

WORKER AND COMMUNITY TRANSITION PROGRAM DIRECTION

<u>Support Services</u>	FY 1997 (\$ 000's)	FY 1998 (\$ 000's)	FY 1999 (\$ 000's)
Management Support Services			
Management Studies	\$2,147	\$ 636	\$ 1,138
ADP Support	80	80	100
Office Support	60	60	60
Total, Support Services	\$2,287	\$ 776	\$ 1,298

<u>Other Related Expenses</u>	FY 1997 (\$ 000's)	FY 1998 (\$ 000's)	FY 1999 (\$ 000's)
Working Capital Fund	279	\$ 476	\$ 487
Other	<u>100</u>	<u>45</u>	<u>45</u>
Total, Other Related Expenses	379	521	532